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SIPDIS

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SUBJECT: AMBASSADOR'S MEETING WITH FINANCE MINISTER: PEACE CORPS
TAXATION ISSUE

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REF: (A) Hanoi 932 (B) Hanoi 888

¶1. (SBU) This message reports the content of the Ambassador's meeting with Vietnam's Minister of Finance regarding the taxation element of a draft Peace Corps country agreement. The discussion was held May 17 and was part of a lengthier agenda (reftel A).

¶2. (SBU) Background: Post has held discussions with the Government of Vietnam (GVN) on beginning a Peace Corps program here (Ref B) since July 2006. EconOffs have recently reviewed the status of the negotiations with the lead ministry, the Ministry of Education and Training (MOET), and with the Ministry of Foreign Affairs (MFA), on a draft country agreement. MOET acknowledged that it has referred the draft country agreement language on exempting volunteer and staff taxable income to the Ministry of Finance.

¶3. (SBU) The Ambassador's Presentation: Noting that Peace Corps had not been on his agenda when he requested the meeting, the Ambassador introduced the topic with a brief background on the program and the status of negotiations. He referred to the hope that an announcement could be made as part of President Triet's proposed June visit to Washington. He then asked the Minister to facilitate action on the MOET request that MOF review the taxation clauses.

¶4. (SBU) Minister Vu Van Ninh briefly responded that he had noted the Ambassador's request and asked for time to study the issue.

¶5. (SBU) Next Steps: The Ambassador will include this topic in a planned follow-up letter to the Minister regarding this and other outstanding issues.

MARINE